Estate of Nienhuys v. Commissioner, 17 T.C. 1149 (1952)

Domicile, for estate tax purposes, requires both physical presence in a location and an intent to remain there indefinitely; an established domicile is presumed to continue unless a new one is demonstrably acquired.

Summary

The Tax Court addressed whether decedent Nienhuys, a Dutch citizen, was domiciled in the U.S. at the time of his death, impacting his estate tax liability. Nienhuys had been living in the U.S. due to the Nazi occupation of the Netherlands. The court held that Nienhuys remained domiciled in the Netherlands, despite his prolonged stay in the U.S., because he lacked the intent to make the U.S. his permanent home. The court also addressed valuation of the stock and property in Netherlands.

Facts

Nienhuys, a Dutch citizen, lived and worked in the Netherlands until 1940, when he traveled to the U.S. on business. The Nazi invasion prevented his return. He lived in small apartments, worked for Duys & Co., and expressed a desire to return to his established home and business in the Netherlands after the war. He filed resident income tax returns and stated his “present permanent residence address” as in New York in a quota immigration visa form where he inserted the word “permanently”. His family remained in Holland. He died in the U.S. in 1946.

Procedural History

The Commissioner of Internal Revenue determined that Nienhuys was a U.S. resident at the time of his death and assessed a deficiency in his estate tax. The Estate challenged this determination in the Tax Court.

Issue(s)

Whether Nienhuys was domiciled in the United States at the time of his death for estate tax purposes, despite being a Dutch citizen who was forced to remain in the U.S. due to war.

Holding

No, because Nienhuys did not have the requisite intent to establish domicile in the U.S., his established domicile in the Netherlands continued despite his physical presence in the U.S.

Court’s Reasoning

The court emphasized that establishing a new domicile requires both physical

© 2025 SCOTUSreports.com. All rights reserved.

presence (factum) and the intent to remain (animus). The court acknowledged Nienhuys's physical presence in the U.S. but found compelling evidence that he never intended to make the U.S. his permanent home. The court noted his established business and home in the Netherlands, his family's presence there, his desire to return, and his relatively modest living arrangements in the U.S. The court dismissed the significance of Nienhuys filing resident income tax returns, noting that the definition of "resident" differs for income tax purposes, and his statements on the quota immigration visa form were made in the early part of the year 1941, at which time no one could prophesy with any assurance the length of the decedent's enforced absence from his homeland. The court stated, "Residence without the requisite intention to remain indefinitely will not suffice to constitute domicile."

Practical Implications

This case clarifies that physical presence alone is insufficient to establish domicile for estate tax purposes. It emphasizes the importance of examining the totality of the circumstances to determine intent. Attorneys should gather comprehensive evidence regarding a person's ties to different locations, including business interests, family connections, property ownership, and expressions of intent. This case also highlights the differing definitions of "residence" in different areas of tax law. Later cases may distinguish this ruling based on stronger evidence of intent to establish domicile, such as acquiring significant property, establishing businesses, or renouncing citizenship in the original country.

© 2025 SCOTUSreports.com. All rights reserved.